



**भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India**

**GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
SUPERVISION, ENFORCEMENT AND COMPLAINTS - 1**
Email: achals@sebi.gov.in

SEBI/HO/CFD/CFD-SEC-1/P/OW/05300/ 5
February 08, 2023

1. Parsoli Corporation Limited (AABCP9030F) 3, Ground Floor, Oracle Point, Guru Nanak Road, Bandra (W), Mumbai - 400050	2. Umar Uves Sareshwala (03282236) 6, Faize Mohammedi Society, Narayan Nagar Road, Paldi, Ahemdabad - 380007, Gujrat
3. Habib Zafar Sareshwala (03282280) 6, Faize Mohammedi Society, Narayan Nagar Road, Paldi, Ahemdabad - 380007, Gujrat	4. Rama Singh (06364779) 26D / 2, Park Road, Panna Lal Road, Gorge Town, Allahabad - 211 002, Uttar Pradesh
5. Amber Zaidi (06495209) D-9, Okhla Vihar, Jamia Nagar, New Delhi - 110 025	6. Nazima Irshadali Saiyed (07958783) 33-B, Quresh Nagar Society, B/h. Sonal Cinema, Sarkhej Road, Ahmedabad - 380 055, Gujrat
7. Maheshkumar Amritlal Patel (AVHPP7565K) Gadhar, Nandisan, Modasa, Dist. - Sabarkantha, Gujarat-383001	8. Mohammed Alibhai Kothawala (ADUPK0440R) 3, Ground Floor, Oracle Point, Guru Nanak Road, Bandra (W), Mumbai - 400050

Subject: Show Cause Notice under section 11B(1) and section 11B(2) read with section 15HB of the SEBI Act, 1992 in the matter of Parsoli Corporation Limited

- Parsoli Corporation Limited ("Target Company/Parsoli") was incorporated under the relevant provisions of Companies Act, 1956 and its shares are listed on BSE Limited ("BSE"). Mr Zafar Yunus Sareshwala and Mr Uves Yunus Sareshwala ("Acquirers") are the promoters of the Target Company and have been disclosed as part of promoter and promoter group in the shareholding pattern filed with the stock exchange.
- SEBI vide its Order No. WTM/MSS/ID7/61/2010 dated July 27, 2010 ("SEBI Order") issued following directions against Target Company and the Acquirers:

"12. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11(4) and 11B thereof, hereby

- (a) restrain Parsoli Corporation Ltd. (Permanent Account Number: AABCP9030F), Mr. Zafar Yunus Sareshwala (Permanent Account Number ANYPS8494D) and Mr. Uves Yunus Sareshwala (Permanent Account



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Number: AOFPS5856M) from buying, selling or dealing in securities market in any manner whatsoever or accessing the securities market directly or indirectly for a period of seven years from the date of this Order (except for complying with directions mentioned at (c) below);

- (b) restrain Mr. Zafar Yunus Sareshwala and Mr. Uves Yunus Sareshwala from holding the position of Director in any listed company for a period of seven years from the date of this Order;*
 - (c) direct Mr. Zafar Yunus Sareshwala and Mr. Uves Yunus Sareshwala to make a public offer through a merchant banker to acquire shares from public shareholders by paying them the value determined by the values in the marines prescribed in Regulation 23 of the SEBI (Delisting of Equity Shares) Regulations, 2009 and acquire the shares offered in response to the public offer, within three months from the date of this Order;*
 - (d) direct BSE to facilitate valuation of shares to be purchased as at (c) above, and compulsorily delist Parsoli Corporation Ltd., if the public shareholding reduces below the minimum level in view of aforesaid purchase.*
3. In compliance with the SEBI Order, the Acquirers vide letter dated July 12, 2018 have submitted a public announcement for acquisition of up to 1,69,37,847 equity shares of Rs 10/- each constituting 60.43% of the equity share capital of the Target Company at a price of Rs 0.25/- per share under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**") Subsequently, the Acquirers vide its letter dated July 25, 2018 filed a draft letter of offer ("**DLoF**") with SEBI through its Merchant Banker i.e. Nirbhay Capital Services Private Limited ("**Merchant Banker**").
4. Upon perusal of the DLoF, SEBI observed that a negative value of Rs 3.41 of the share price of the Target Company has been arrived at by adopting calculations based on the share prices, financials, etc. for the year 2017 and 2018, whereas in terms of the SEBI Order dated July 27, 2010, the public offer was required to be made within three months from the date of the SEBI Order dated July 27, 2010 and thus the valuation of the shares to be acquired through public offer should have been arrived at by adopting calculations based on the share prices, financials, etc. for the year 2009 and 2010 in accordance with regulation 23 of the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**") Since the value of shares has resulted into a negative figure, a token value of shares was considered at INR 0.25 per share by the Target Company and the Acquirers.
5. In view of the above deficiencies noted in the valuation of shares, vide letter dated September 26, 2018, Merchant Banker of the Acquirers was advised to comply with the SEBI Order dated July 27, 2010 and that offer price should be arrived at by adopting valuations based on the share prices, financials, etc. of the financial year 2009-10 in the manner prescribed in regulation 23 of the Delisting Regulations. Further, the Merchant Banker was advised to ensure that the offer price so calculated in terms of the above mentioned regulation 23 and the financials, share



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prices etc. for Financial Year 2009-10 shall further include interest for the delay in making the public offer. The Acquirers were required to make the public offer at the price so arrived at after calculating the price of each share in terms of the relevant regulation by taking into account the appropriate year and further adding interest to the share price so determined for the delayed period of making such offer from the desired date of offer as per the Order dated July 27, 2010.

6. The Merchant Banker in its correspondences with BSE had mentioned that Aryaman Financial Services Limited ("AFSL") has been appointed as the valuer and that AFSL is yet to accept the assignment.
7. Vide separate letters each dated April 12, 2019, SEBI advised the Merchant Banker, AFSL and the BSE to coordinate amongst each other and comply with the SEBI Order issued against the Acquirers. In view of the fact that AFSL was yet to accept the valuation assignment, as brought out above, SEBI vide letter dated April 12, 2019, advised AFSL to confirm the acceptance of the valuation assignment. In response, AFSL vide letter dated May 02, 2019 informed that it had not signed any mandate to act as the valuer in the said public offer.
8. Thereafter, SEBI vide email dated May 31, 2019 also advised the BSE to confirm (i) whether the assignment has been accepted by the valuer appointed by the BSE; (ii) status of compliance of the SEBI Order, by which the BSE was directed to facilitate valuation of shares to be acquired/purchased in the public offer. The BSE in its reply dated June 07, 2019 had *inter-alia* submitted that despite follow up emails sent to the Target Company, the acceptance of letter of appointment by AFSL is yet to be submitted to the BSE.
9. Since, AFSL (the BSE empanelled valuer) had not accepted the assignment as brought out above, Varma & Varma, Chartered Accountants Firm was appointed as Independent Valuer ("Independent Valuer") by SEBI to compute the fair value of the shares of the Target Company and the intimation of the said appointment was sent to the Independent Valuer on June 26, 2019 who confirmed its acceptance vide its letter dated July 05, 2019. Upon acceptance by the Independent Valuer, SEBI vide letter dated July 12, 2019, advised the Merchant Banker to ensure the availability of the necessary information/documents to the Independent Valuer for carrying out the valuation assignment. Vide letter dated July 28, 2019, the Acquirers informed SEBI that being aggrieved with the aforesaid SEBI communications dated April 12, 2019, they had preferred an Appeal No. 293 of 2019 before the Hon'ble SAT.
10. It is observed that subsequent to their appointment, the Independent Valuer (i.e., Varma & Varma) through its emails dated July 26, 2019, August 21, 2019 and January 31, 2020 had requested the Merchant Banker to provide the requisite documents/information that are vital for the valuation of the share price to ensure the completion of the public offer as directed in the SEBI Order. The Independent Valuer had *inter-alia* sought Audited Financial Reports from F.Y. 2008 to F.Y. 2019, Quarterly Financial for F.Y. 2009 to F.Y. 2011, details of Share Price Movement one year prior to July 27, 2010 and from July 27, 2010 to March 31, 2012. The Merchant



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Banker in turn had sought the requisite information from the Acquirers and the Target Company, however, in spite of several exchange of communications, the requisite information was not provided to the Independent Valuer by the Acquirers and the Target Company.

11. In view of such a glaring recalcitrant approach shown by the Acquirers and the Target Company in providing relevant information to the Independent Valuer, SEBI vide letter dated October 09, 2019, sent an advisory ("**First Advisory**") to the Acquirers with a copy to the Merchant Banker, asking them to co-operate with the Independent Valuer and provide the requisite information/ documents immediately, failing which SEBI would be constrained to initiate appropriate enforcement action. However, it is noted that in spite of the aforesaid instructions and several requests by the Merchant Banker, the Acquirers failed to provide the requisite information to the Independent Valuer. As a result, valuation exercise could not be completed causing prolonged delay on account of failure of extension of co-operation by the Acquirers.
12. In the meantime, the aforesaid Appeal No. 293 of 2019 filed by the Acquirers against communication of SEBI dated April 12, 2019 was disposed of by the Hon'ble SAT vide its Order dated January 28, 2020, as rendered infructuous, since SEBI had issued another communication dated July 12, 2019 advising the Merchant Banker to ensure the availability of the necessary information/documents to the Independent Valuer for carrying out the valuation assignment.
13. Meanwhile, having aggrieved by the SEBI communication dated July 12, 2019, Acquirers preferred an appeal before Hon'ble SAT which was dismissed July 14, 2022 on grounds of delay in filing appeal.
14. It is noted that pursuant to dismissal of the appeal by the Hon'ble SAT vide its above mentioned order the Acquirers were asked through several emails to provide the necessary information/documents to the Independent Valuer, however, the Acquirers have continuously without any justifiable reasons, failed to provide the same. In this regard, SEBI vide email dated January 30, 2020, advised the Independent Valuer to provide the current status of the valuation and in response, the Independent Valuer vide email dated January 30, 2020 submitted that *"In spite of our repeated follow up, we have not been furnished with the full and complete details required for the purpose of valuation as intimated vide our mail dated 26th July, 2019. In the absence of details/particulars called for, we have not been able to proceed with the valuation"*.
15. Considering the fervent non-cooperation on the part of the Acquirers, vide letter dated July 13, 2020 ("**Second Advisory**"), SEBI sent another advisory to the Acquirers and to the Compliance Officer of the Target Company with a copy to the Merchant Banker, advising them to extend full co-operation to the Independent Valuer to comply with the directions of SEBI Order and to provide desired information within 15(fifteen) days. The said letter specifically stated that failure to provide the information required by the Independent Valuer would compel for initiation of appropriate proceedings including issuance of suitable directions. We note that the Acquirers and Target Company choose to ignore the said advisory.



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16. In view of the above facts, SEBI vide interim order dated December 13, 2021, *inter alia* directed Acquirers to take steps and complete the process of public offer in terms of SEBI order dated July 27, 2010 within 60 days of receipt of order.
17. We note that the Acquirers are yet to comply with SEBI's direction to make offer to the shareholders in total disregard to the directions issued by SEBI and have been wilfully protracting such compliance despite such directions having been confirmed and upheld by the Hon'ble SAT and thereafter by the Hon'ble Supreme Court.
18. Further, non-cooperation and failure to provide requisite information to the SEBI appointed Independent Valuer in the timely manner *inter alia* resulted in non-compliance with the SEBI's direction to make public offer in terms of SEBI order dated July 27, 2010. Such non-compliance with the SEBI's directions deprived the shareholders of the Target Company from right to exit at the fair price and hence against the interest of the shareholders of the Target Company.
19. In view of the above, noticees are hereby called upon to show cause as to why appropriate direction under section 11B(1) of SEBI Act, 1992 should not be issued against them and inquiry should not be held against them in terms of Rule 4 of SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudication Officer) Rules, 1995 and penalty be not imposed on them under Section 11B(2) read with 15HB of SEBI Act, 1992.
20. This show cause notice has been issued without prejudice to the right of SEBI to take any other action as it deems fit in accordance with law.
21. Your reply to the show cause notice, together with supporting documents, if any, that you may choose to rely upon in support of your reply, should reach the undersigned at the address given below, as well as through email at achals@sebi.gov.in, within 14 days from the date of receipt of this show cause notice, failing which it shall be constructed that you have no reply to submit regarding the allegations and the matter shall be proceeded on the basis of material available on record.

Securities and Exchange Board of India

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Yours sincerely,

Achal Singh

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